

**STATE OF VERMONT
PUBLIC SERVICE BOARD**

Amended Petition of Entergy Nuclear Vermont)
Yankee, LLC and Entergy Nuclear Operations,)
Inc., for amendment of their Certificate of Public)
Good and other approvals required under 30)
V.S.A. § 231(a) for authority to continue after)
March 21, 2012, operation of the Vermont)
Yankee Nuclear Power Station, including)
the storage of spent-nuclear fuel)

Docket No. 7862

**MEMORANDUM OF UNDERSTANDING AMONG ENTERGY NUCLEAR VERMONT
YANKEE, LLC, ENTERGY NUCLEAR OPERATIONS, INC., VERMONT PUBLIC
SERVICE DEPARTMENT, AND VERMONT AGENCY OF NATURAL RESOURCES**

With respect to the above-captioned docket, those entities on behalf of which a signature appears at the end of this document stipulate and agree as follows:

WHEREAS the Vermont Yankee Nuclear Power Station ("VY Station") is a nuclear power plant located in Vernon, Vermont that is owned by Entergy Nuclear Vermont Yankee, LLC ("EVY") and operated by Entergy Nuclear Operations, Inc. ("ENO," and together with EVY, "Entergy VY");

WHEREAS Entergy VY operated the VY Station until March 21, 2012, pursuant to a license from the Nuclear Regulatory Commission ("NRC") and a Certificate of Public Good ("CPG") from the Vermont Public Service Board ("Board"); before the expiration of those approvals, the NRC renewed the license of Entergy VY for a further 20-year term; and EVY and ENO petitioned the Board for a new CPG for a further 20-year term;

WHEREAS EVY, ENO, the Vermont Public Service Department ("PSD"), and the Vermont Agency of Natural Resources ("ANR") (collectively, "the Parties") disagree whether EVY had authority from the State of Vermont to operate the VY Station after March 21, 2012, and the Parties also disagree about much of the evidence presented to the Board in connection with Entergy VY's petition for a further 20-year term, including, among other things, the degree, extent, and duration of economic dislocation that residents of Vermont would experience as a result of the shutdown of the VY Station;

WHEREAS until August 27, 2013, Entergy VY was seeking from the Board a CPG that would permit Entergy VY to operate the VY Station through 2032, but (1) on August 27, 2013, Entergy VY announced that it will cease operating the VY Station at the end of the current operating cycle; (2) on August 27, 2013, filed a Second Amended Petition with the Board, seeking a CPG from the Board to continue operations to generate electricity only through December 31,

2014; and (3) on September 23, 2013, ENO formally notified the NRC that the VY Station would permanently cease power operations effective at the end of the current operating cycle, which is expected to be no later than December 31, 2014;

WHEREAS in consideration of the compromises made by and between the Parties, Entergy VY has made certain commitments to the State, including obligations and payments described below, as well as commitments related to the dismissal of outstanding litigation, continuation of existing tax obligations, and a commitment to make a payment of \$5 million on or before April 25, 2015 to the State of Vermont Department of Taxes;

WHEREAS it is in the best interests of Entergy VY and the State that post-operation matters concerning the VY Station are addressed as constructively and transparently as possible, including those issues addressed in this Memorandum of Understanding ("MOU");

NOW, THEREFORE, the Parties agree as follows:

1. The Parties hereto agree that the issuance of a CPG conditioned as described in this MOU and authorizing continued operation of the VY Station until December 31, 2014 will promote the general good of the State of Vermont. PSD and ANR agree that the Board should issue an Order granting CPG(s) effective as of March 21, 2012 for (a) operation of the VY Station through December 31, 2014, and (b) storage of spent nuclear fuel derived from such operation, as requested by the Second Amended Petition filed by Entergy VY in this docket on August 27, 2013.

In the event that by March 31, 2014, the Board has not granted Entergy VY such a CPG that approves this MOU substantially in its entirety and contains conditions that do not materially alter, add to, or reject what is provided for by this MOU, each Party agrees that this MOU may terminate, if such Party so determines in its sole discretion and provides written notice within ten (10) days of Board issuance of its order, whereupon each Party shall be placed in the position that it occupied before entering into this MOU.

2. On or before December 31, 2014, Entergy VY shall cease all nuclear power generating operations at the VY Station, except for the operation of emergency back-up generators as needed, including periodic testing of same. Notwithstanding the foregoing, in the event the current operating cycle is affected by unexpected operational events that are beyond Entergy VY's reasonable control (whether external to the plant or otherwise), Entergy VY may seek permission to operate the VY Station for a limited period of time after December 31, 2014. Entergy VY will not operate the VY Station beyond December 31, 2014 unless (1) PSD supports Entergy VY's request to extend operation, and (2) Entergy VY seeks and obtains approval from both the NRC and the Board by December 31, 2014 for such limited continued operation. It shall not be sufficient that Entergy VY commenced the steps needed to obtain NRC and Board approval before December 31, 2014; Entergy shall not operate in 2015 unless, during 2014, it receives every approval necessary for those limited operations. Entergy VY assumes the risk that either the NRC or the Board or both may not approve Entergy VY's request in 2014. In the event that Entergy VY obtains the Board and NRC approvals to operate beyond December 31, 2014, under no circumstance, including pursuant to 3 V.S.A. § 814(b), shall Entergy VY refuel or in any way supplement

or extend the normal life of the fuel at the VY Station for the current operating cycle, or conduct nuclear power generating operations at the VY Station after February 28, 2015.

3. Entergy VY shall conduct all activities in Vermont, including at the VY Station site, in accordance with federal and state laws, including the Vermont Department of Health's ("VDH") Radiological Health Rule.
4. Entergy VY shall operate the VY Station in accordance with its existing National Pollutant Discharge Elimination System ("NPDES") permit. Entergy VY and ANR agree to continue to pursue issues related to Entergy VY's thermal discharge through ANR's NPDES permitting process, in accordance with state and federal law.
5. As used in this MOU, the period of "site restoration" applies only to the period of time after radiological decommissioning has been completed to the satisfaction of the NRC. EVY expressly acknowledges the State's jurisdiction over site restoration. By December 31, 2014, Entergy VY shall complete and shall provide to PSD, ANR, and VDH a site assessment study of the costs and tasks of site restoration of the VY Station site. The site assessment study also shall include, without limitation, a full assessment of non-radiological conditions at the VY Station site. Following completion of this site assessment study, EVY, PSD, ANR, and VDH shall work in good faith to determine in a timely and cost-effective manner overall site restoration standards necessary to support use of the property without limitation (excepting any independent spent fuel storage installation ("ISFSI") and any perimeter related to it), including that EVY shall not employ rubbleization at the VY Station site (*i.e.*, demolition of an above-grade decontaminated concrete structure into rubble that is buried on site) and addressing removal of structures and radiological exposure levels. Nothing in this MOU is intended to limit the authority of state agencies to require standards for site restoration commensurate with the standards most protective to the environment as employed at similar sites nationwide or required by law.
6. EVY shall commence site restoration in accordance with the overall site restoration standards established pursuant to paragraph 5 promptly after completing radiological decommissioning. The standards and timing for site restoration may be adjusted by agreement of EVY, PSD, ANR, and/or VDH if the property or any sub-unit of the property is to be used solely for industrial, commercial, or other similar uses that do not require immediate or full completion of "site restoration" to accommodate such use of the property.
7. Upon the Board's issuance of a CPG as described in paragraph 1, EVY shall establish a separate trust fund specifically and solely dedicated to funding site restoration at the VY Station ("Site Restoration Fund"), as described in paragraph 5. EVY shall designate the State of Vermont as a material beneficiary to the Site Restoration Fund until site restoration is completed in accordance with the overall site restoration standards established pursuant to paragraph 5, and shall provide draft trust terms and provisions to the State within sixty (60) days of the Board's issuance of a CPG as described in paragraph 1. Within thirty (30) days of receipt of the draft trust terms and provisions, the State shall provide comments to EVY regarding the same, which EVY shall accept and incorporate so

long as commercially reasonable. Upon the Board's issuance of a CPG as described in paragraph 1, EVY will make initial deposits, in the form of cash or other equivalent financial instrument (including a secured note) in a form acceptable to the PSD (which approval shall not be unreasonably withheld) and the Board, into the Site Restoration Fund as follows:

- a) \$10 million within thirty (30) days of the Board's issuance of a CPG as described in paragraph 1;
- b) \$5 million by December 31, 2015;
- c) \$5 million by December 31, 2016;
- d) \$5 million by December 31, 2017.

Those initial deposits into the Site Restoration Fund shall not be drawn from the Nuclear Decommissioning Trust ("NDT") for the VY Station or affect any financial assurance or guarantee in existence with respect to the VY Station as of the date of Board approval of this MOU. EVY shall also provide financial assurance, in the form of a parent guarantee from Entergy Corporation in the amount of \$20 million for the Site Restoration Fund, provided, however, that such \$20 million guarantee shall be established only after the existing parent guarantee from Entergy Corporation, dated January 26, 2010 and related to paragraph 13 of the Memorandum of Understanding in Docket No. 6545, is terminated. The \$20 million parent guarantee can be eliminated if the balance in the Site Restoration Fund exceeds \$60 million (either as a result of additional deposits or fund performance).

- 8. EVY or its affiliate owns the property on which the VY Station is located ("VY Property"). EVY for itself or on behalf of its affiliate shall grant the State (through its designated agency or department) a right of first refusal to purchase the VY Property, and if the owner of the VY Property offers less than all of the VY Property for sale at any one time, the right of first refusal shall apply to each portion from time to time, as they are so offered. The price payable by the State shall be fair market value as determined by an independent appraisal performed by a mutually agreed upon MAI appraiser at the time the right of first refusal is exercised. If the parties are unable to agree on an appraiser within sixty (60) days, each Party shall select an independent appraiser, who in turn will select a third independent appraiser to conduct the valuation. The State's right of first refusal as to each offered portion of the VY Property must be exercised by July 1 of the year following EVY's notice to the State that the VY Property or a portion thereof is available for sale. The State and the owner of the VY Property shall enter into any separate documents or instruments necessary to effectuate this right of first refusal and the intent of this provision.
- 9. EVY has made quarterly payments related to the Clean Energy Development Fund ("CEDF") into an escrow account since March 21, 2012. In consideration of the compromises made by and between the Parties, EVY shall make no future payments into that escrow account and make no further payments into the CEDF, with the exception that all amounts held in the escrow account (approximately \$5.2 million at the time of joint filing of this MOU) shall be paid to the CEDF within thirty (30) days of Board approval of

this MOU, with at least fifty percent (50%) of those amounts to be used in accordance with CEDF criteria for clean energy development activities in or for the benefit of Windham County, Vermont. EVY shall not seek or accept funds from the NDT relating to those escrowed funds.

10. During the period of continued operation of the VY Station for nuclear power generating activities pursuant to paragraph 1, above, EVY shall timely pay all taxes and other monies owed to the State, the Town of Vernon, and any other political subdivision of the State, including the generation tax. Entergy VY specifically reserves its rights to challenge the imposition of, or the amount of, any tax, fee, or other payment not already in effect as of the date of this MOU which is sought to be imposed on it by the State or any political subdivision thereof, including the right to seek an injunction or other relief in connection with such challenge.
11. For each of the next five years -- 2014, 2015, 2016, 2017, and 2018 -- EVY shall make a payment to the State of Vermont on or before April 1 of each year in the amount of \$2 million each year to promote economic development in Windham County, Vermont. EVY shall not seek or accept reimbursement from the NDT for any of these payments. Payments pursuant to this paragraph shall be sent to the attention of the Secretary of Commerce and Community Development, Agency of Commerce and Community Development Central Office, 1 National Life Drive #6, Montpelier, Vermont 05620.
12. For purposes of this MOU, except as expressly stated herein, the Parties retain all authority and reserve all rights to take any actions authorized by law. For purposes of this MOU, other than the obligations specifically and expressly undertaken herein, the Parties reserve and retain all rights, including without limitation Entergy VY's reservation of the right to challenge any requirement or obligation imposed by state law on the ground that such law is preempted by applicable federal law or is otherwise invalid and the State's reservation of its rights to participate in NRC proceedings and to dispute Entergy VY's use(s) of the NDT.
13. Nothing in this MOU shall be interpreted as prohibiting or restricting Entergy VY from complying with any requirements or orders of the NRC, or any obligation under its NRC license. To the extent that Entergy VY would be required to obtain approval from the NRC in order to fulfill any obligation under this MOU, Entergy VY shall pursue such NRC approvals diligently and in good faith, and shall advance each related request by a date reasonably expected to be necessary to meet its obligations under this MOU.
14. Nothing in this MOU shall affect, restrict or limit the jurisdiction or regulatory authority of any state or federal agencies over Entergy VY or the VY Station site.
15. This MOU shall be governed by and construed in accordance with the laws of the State of Vermont. The Parties' obligations under this MOU are to be applied and enforced consistent with the plain meaning of the language used herein.
16. The parties have made compromises on specific issues to reach this MOU. This MOU, and all orders approving and implementing provisions of this MOU shall not be construed

by any party or tribunal as having precedential impact on any future proceedings involving the Parties, except in a proceeding to enforce the terms of this MOU.

17. Except as expressly stated in this MOU, all other agreements, Board orders and MOUs (collectively "Requirements") remain in full force and effect. Entergy VY shall operate and conduct all other activities at the VY Station, including the operation of emergency generators, in full compliance with all such Requirements, as required by state and federal law.
18. The Parties shall negotiate in good faith the terms of necessary instruments to be filed with the appropriate tribunals to embody the terms necessary to accomplish the goals of this MOU.
19. The Parties will cooperate in further Board proceedings and sponsor testimony necessary to support this MOU. PSD will support issuance of the orders and findings of the Board specified herein subject to PSD's obligations under Title 30 of the Vermont Statutes Annotated.
20. Upon the Board's issuance of a CPG as described in paragraph 1,
 - a. Entergy VY shall withdraw its appeal to the Supreme Court of Vermont from the Board's decisions in Public Service Board Docket No. 7440 (Sup. Ct. Vt. Docket No. 2013-043); and
 - b. Entergy VY and PSD shall jointly recommend that the Board close Docket 7600.
21. This MOU is to be construed consistent with the Board's jurisdiction under state and federal law. This MOU resolves all issues between the Parties to this MOU in Docket No. 7862 with respect to all agreements set forth herein.

Dated: December 23, 2013

ENTERGY NUCLEAR VERMONT
YANKEE, LLC

By: 

Name: T. Michael Twomey

Title: VP - External Affairs

Dated: December 23, 2013

ENTERGY NUCLEAR OPERATIONS, INC.

By: 

Name: T. Michael Twomey

Title: VP - External Affairs

VERMONT PUBLIC SERVICE
DEPARTMENT

Dated: Dec. 23, 2013

By: Geoffrey Commons
Name: Geoffrey Commons
Title: Director for Public Advocacy

VERMONT AGENCY OF NATURAL
RESOURCES

Dated: 12-23-13

By: Deb Markowitz
Name: Deb Markowitz
Title: Secretary ANR